

15 August 2011

THINKSMART

FY 2011: Half Year Results
1 January 2011 – 30 June 2011

Agenda

1. Key Points & Results Highlights
2. ThinkSmart: A Focused, Global Business
3. Results Analysis
4. Growth Strategies
5. Outlook

KEY POINTS & RESULTS HIGHLIGHTS

Key Points

- ✓ NPAT up 5% (+15% at constant FX rate^{*})
- ✓ Well positioned for continued growth in challenging retail environment.
- ✓ Infinity consumer product expected to double UK volumes.
- ✓ Key retailer agreements extended in Australia and UK.
- ✓ Future profitability and capacity significantly enhanced through completed new securitisation funding platform.
- ✓ Cost of doing business continues to reduce due to sustainable operating improvements.
- ✓ Well advanced with key online strategy inclusive of 2 new products and category diversification.
- ✓ No interim dividend – unchanged from 2010.

^{*} Recalculation of 1H 2011 actual at 1H 2010 FX rate, demonstrating impact of AU Dollar appreciation.

[#] Cost of Doing Business = measure of operating costs as a percentage of revenue.

1H 2011 Results Highlights



Profit Growth Driven by Revenue Increase & Operating Cost Reductions

	1H 2011	1H 2010	% change	% change at constant FX*
NPAT	\$2.9m	\$2.7m	+5%	+15%
Total Revenue	\$21.3m†	\$19.7m	+8%	+12%
EBITDA	\$6.3m	\$5.8m	+9%	+15%
EBITDA Margin (pre Corporate costs)‡	42%	37%	+13%	+13%
Cost of Doing Business # (pre Corporate costs)‡	22%	26%	-15%	-15%

* Recalculation of 2011 actual at H1 2010 FX rate, demonstrating impact of AU Dollar appreciation.

† Total Revenue includes Net Income Margin on lease receivables.

Cost of Doing Business = measure of operating costs as a percentage of revenue.

‡ Corporate costs are primarily the costs of the executive team and those business development activities not directly attributed to a specific territory.

THINKSMART: A FOCUSED, GLOBAL BUSINESS

Overview of ThinkSmart



“ThinkSmart’s vision is to be a leading online financial services marketplace providing innovative consumer and small business financial products at the point of sale through retail partners”

- Leading international provider of point-of-sale finance:
 - Provides finance products to small businesses and consumers;
 - Shop online, in retail stores and in a multi channel environment for computing and electrical equipment;
 - “Nano-ticket” transactions – A\$300 – A\$15k;
- International footprint and strong platform for growth;
- Distribution through exclusive and entrenched partnerships with major international retailing groups;
- Products and services offer compelling and highly attractive value proposition for customers and retail partners and are delivered via innovative, proprietary systems;
- Expanding accessible market through new product diversification and new increased funding capacity;
- Strong track record of growth through recent challenging trading conditions.



1H 2011 RESULTS ANALYSIS

1H 2011 Results Highlights



Profit Growth Driven by Revenue Increase & Operating Cost Reductions

	1H 2011	1H 2010	% change	% Change @ Constant FX*	Comments
NPAT	\$2.9m	\$2.7m	+5%	+15%	Continues 4 year growth trend since listing.
Total Revenue	\$21.3m†	\$19.7m	+8%	+12%	Achieved in declining ATV environment.
Gross Margin	63.5%	62.5%	+2%	+2%	Repricing in Australia, contribution of incremental Infinity volumes and inertia growth.
EBITDA (pre Corporate costs)	\$8.9m	\$7.2m	+23%	+28%	
EBITDA Margin (pre Corporate costs)	42%	37%	+13%	+13%	
Cost of Doing Business # (pre Corporate costs)	22%	26%	-15%	-15%	Ongoing operating cost efficiencies.
Earnings Per Share	2.2¢	2.8¢	-21%	-14%	Dilution effect of new equity raised in October 2010. Equity employed in new funding platform from Q2 2011 with full earnings benefit from 2013.

* Earnings translation based on like for like FX rate – 2011 numbers converted at 2010 average FX rate.

† Total Revenue includes Net Income Margin on lease receivables.

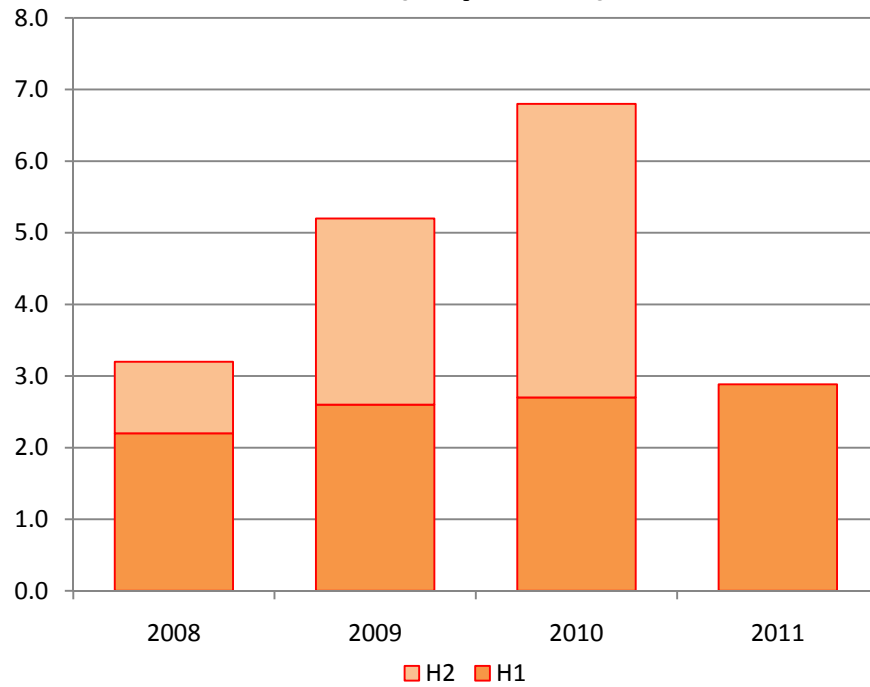
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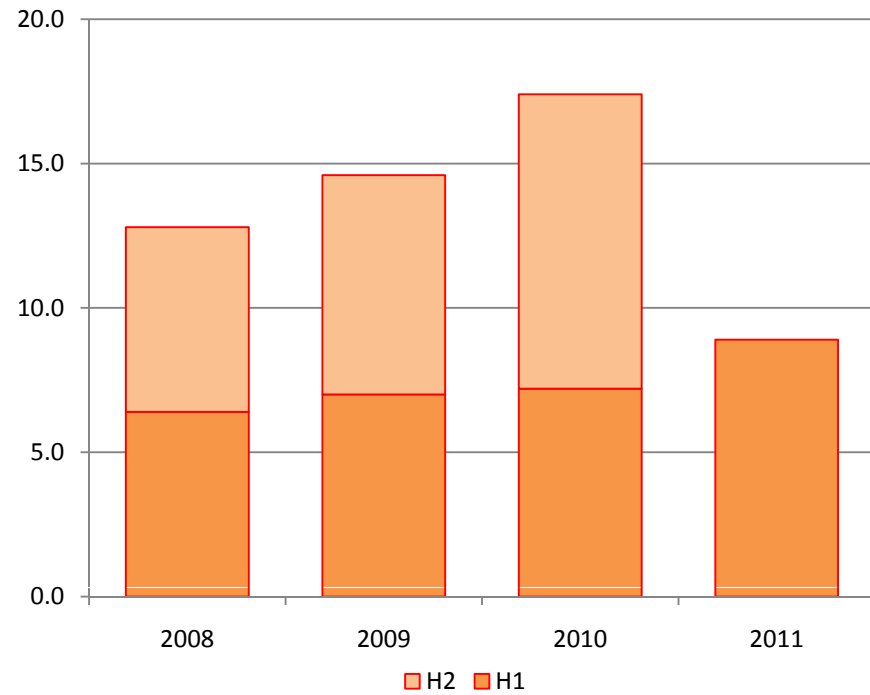
1H 2011 Results

Net Profit After Tax and EBITDA Growth

NPAT (Reported)

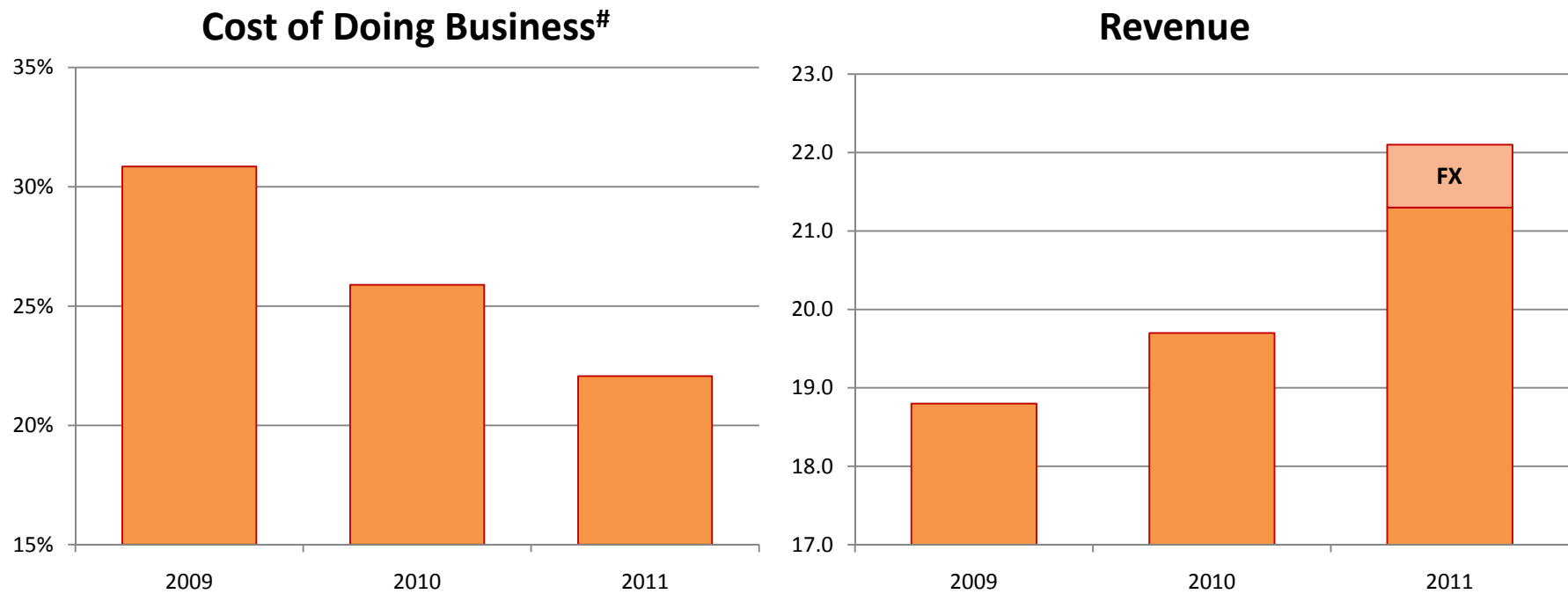


EBITDA (excl Corporate)



1H 2011 Results

Revenue growth from a lower cost base enabled by systems automation



Cost of Doing Business = measure of operating costs as a percentage of revenue

1H 2011 Results



EBITDA by Territory

	1H 2011 \$Am	1H 2010 \$Am	% Change	% Change @ Constant FX*
Australia / NZ	5.2	4.6	+13%	
United Kingdom	3.5	2.6	+35%	+44%
Continental Europe	0.1	0.1	-%	
Corporate & Development Costs [#]	(2.5)	(1.5)	-71%	
EBITDA	6.3	5.8	+9%	+15%

Corporate and business development costs compare to \$2.6m incurred in 2H 2010, reflecting increased size and broader skills base of management & investment in new funding platform.

* Earnings translation based on like for like FX rate – 2011 numbers converted at 2010 average FX rate. GBP = 63.89p vs. pcp of 58.08p (-18%) Euro = 73.62c vs. pcp of 66.75c (-20%) .

HY 2011 Results: Australia

Extended distribution network and new funding platform underpin sustainable growth

Continued Growth through HY 2011:

- Growth achieved despite challenging retail conditions.
- Contracts with JB HiFi (2014) and Officeworks (2013) extended, DSE (2015), new Leading Edge distribution agreement (2016).
- New securitisation funding platform enhances future profitability and lays basis for continued expansion of distribution networks.
- Online acquisition channel remains strong and accounting for 32% of volume (pcp 31%).
- “QuickSmart” processing platform continues to reduce the cost of doing business & improve the customer experience.
- Enhanced web application interface also expected to drive further growth in 2nd half.

- Revenue up 7% to \$13.5m
- EBITDA up 13% to \$5.2m
- EBITDA margin up 8% to 38%
- Gross margin up 3% to 59%
- Volumes up by 5%
- ATV down 10% to \$1,641
- Inertia income up 11% to \$2.8m



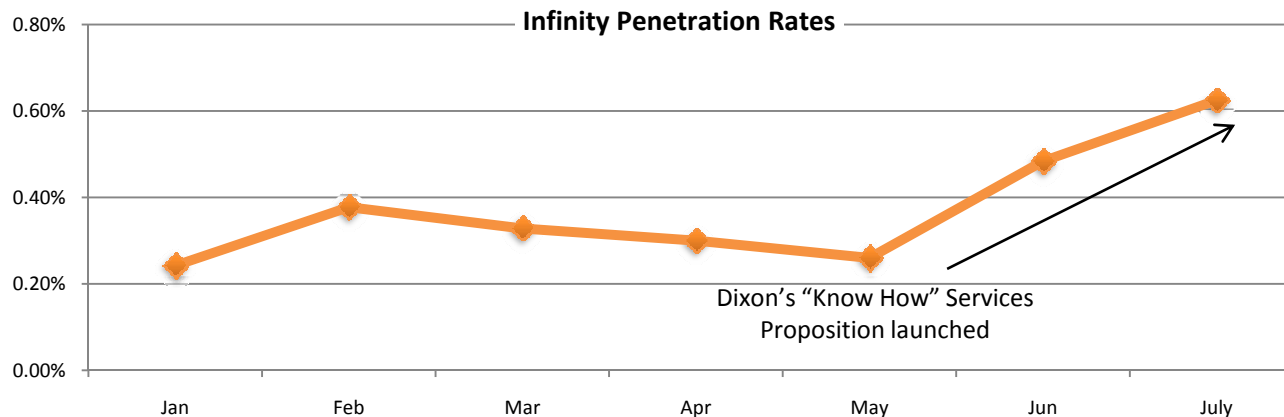
HY 2011 Results: United Kingdom

Strong profit growth in UK following launch of consumer product in late 2010

- **United Kingdom:**

- Infinity share of business building steadily in tough retail conditions.
- Lower gross margin and ATV as expected following Infinity launch.
- Operational efficiencies of retailer Point of Sale integration generating EBITDA margin growth.
- B2B Agreement with Dixons extended to 2015.

- Revenue up 26% at £4.4m
- EBITDA up 44% to £2.2m
- EBITDA margin up 14% to 51%
- Gross margin down 4% to 75%
- Volumes up by 86%
- ATV down 18% to £717
- Inertia income up 10% to £1.6m



HY 2011 Results: Europe



Low cost approach looking to leverage online opportunities

- Maintaining low cost presence while exploring development of full online platform – territories' future to be reviewed at year end.
- Restructuring costs of \$0.2m incurred in permanently reducing cost base, ongoing costs circa \$100k.
- Inertia revenues in Spain drive territory profitability.
- Spanish and Italian territories currently represent 3% of Group revenue.

FUNDING

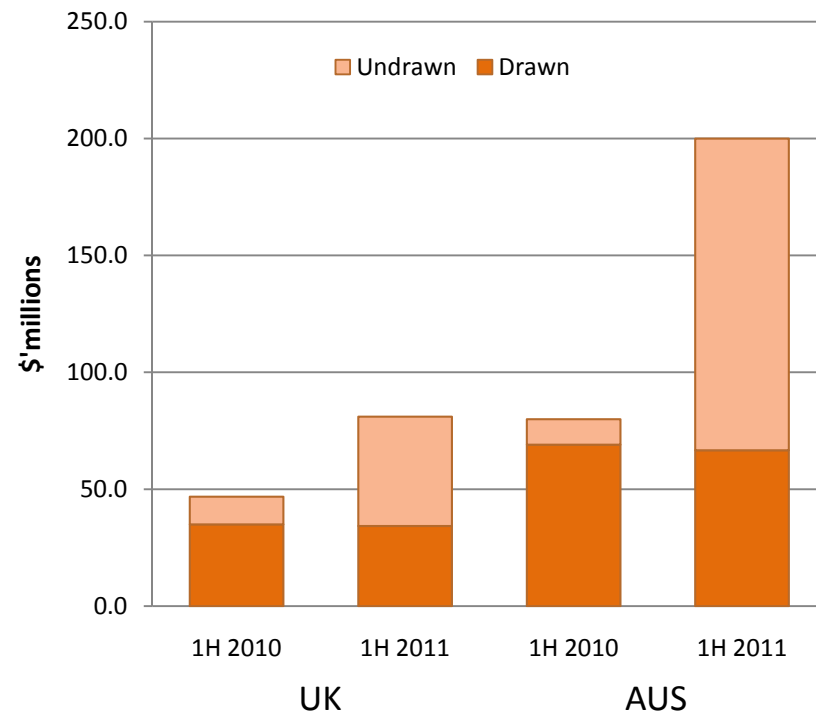
Funding – Transformation Plan Complete

- **Australia**
 - New Australian Multi Funder Securitisation platform “live”.
 - Financial close and first draw down of new \$100m 5 year facility achieved.
 - Existing Australian Funder transitioning to new structure including facility extension to 2016;
 - Portfolio sale reduces ongoing holding costs on new facility.
- **UK**
 - Financial close of new 3 year GBP40m funding agreement achieved.
 - Second funder options for UK progressing.
- \$15m capital raising net proceeds fully utilised in funding transformation plan.
- Strong profit growth and cash build under new funding platform expected following transition – full benefit to be realised from 2013.

Funding – Transformation Plan Complete

- Well placed to capture growth opportunities.
- New securitisation platform in Australia significantly enhances future profitability.
- No refinancing risk – all facilities pay down in line with customer repayments.

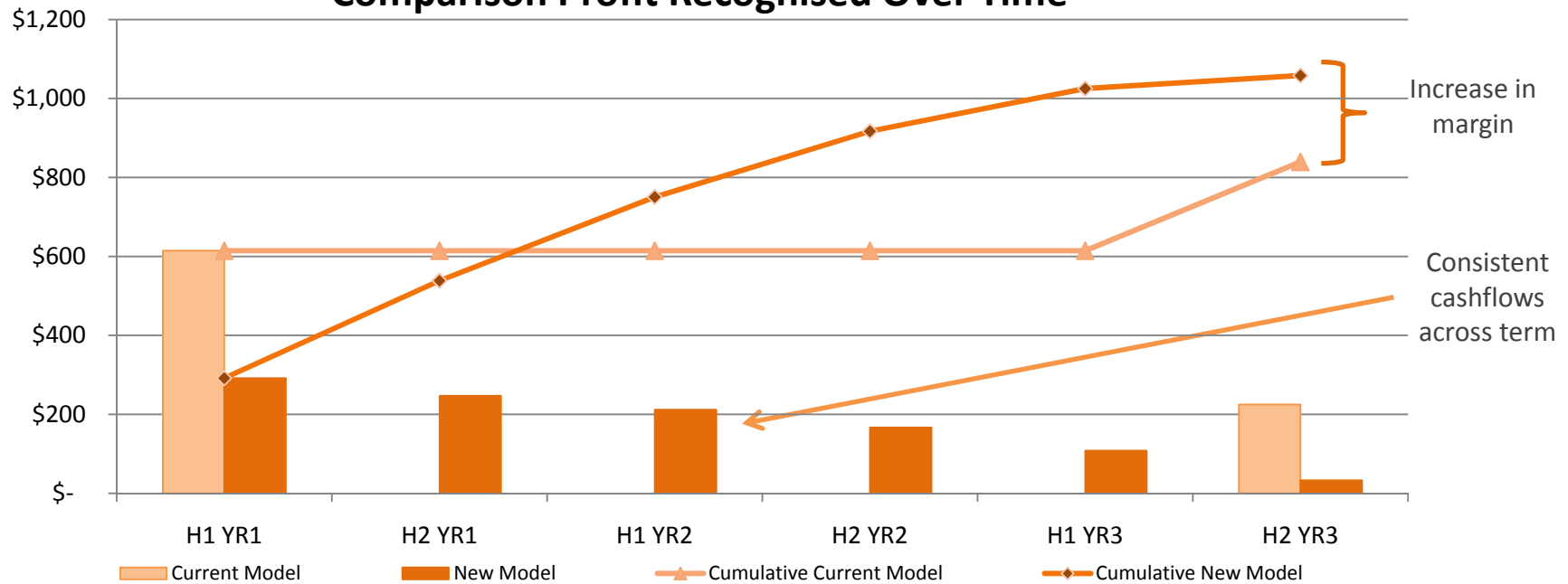
Funding Capacity



Accounting over Lifecycle – New Model

Consumer renting a \$1,500 computer on a 36 month term

Comparison Profit Recognised Over Time

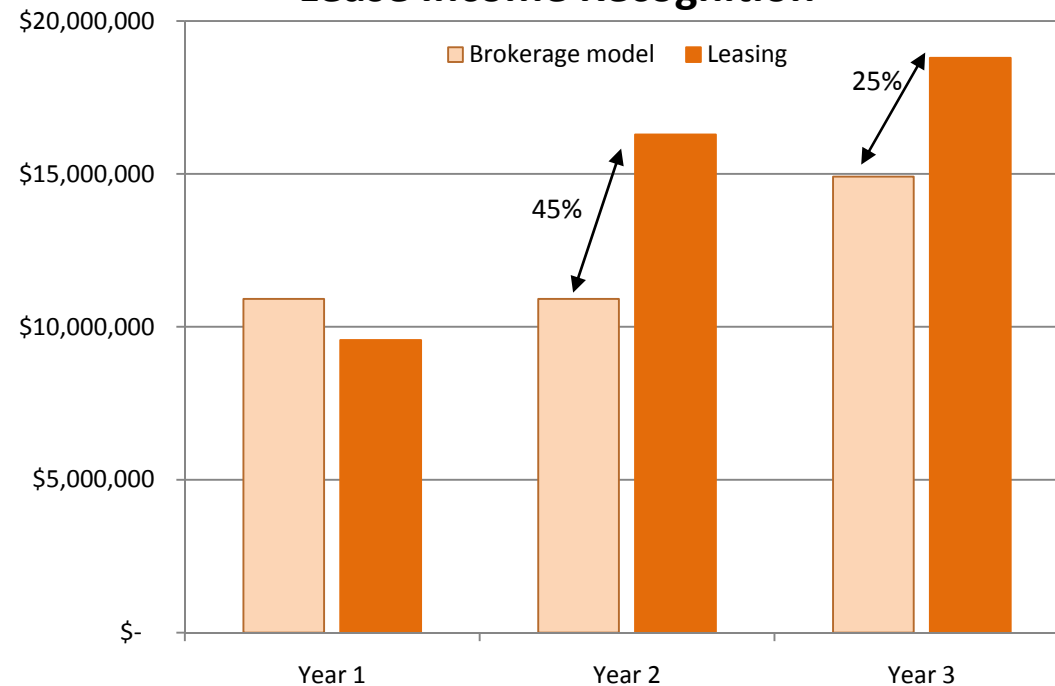


New funding model improves margins, creates an annuity revenue stream and grows earnings per share from year 2

Financial Benefit of New Funding Platform

- Income increase driven by:
 - Return on Equity contribution.
 - Lower funding costs.
 - Removal of time value of money impact.
- Cashflows broadly mirror income recognition.

Illustration of Compounding Effect of Lease Income Recognition



Based on the 1 lease worked example (refer previous slide) being originated per year, multiplied by the 17,763 leases originated in 2010 .

GROWTH STRATEGIES

Key Growth Strategies

Governing Principles

1. Growth Through Cash Flow Not Debt

2. Pace of Expansion Governed by Performance

3. Alignment with Market Leading Retailers

Strategic Focus

Expand Accessible Market & Diversify Revenue Lines

Grow Distribution in New and Existing Territories

Improve Delivery & Customer Experience

Key Strategies

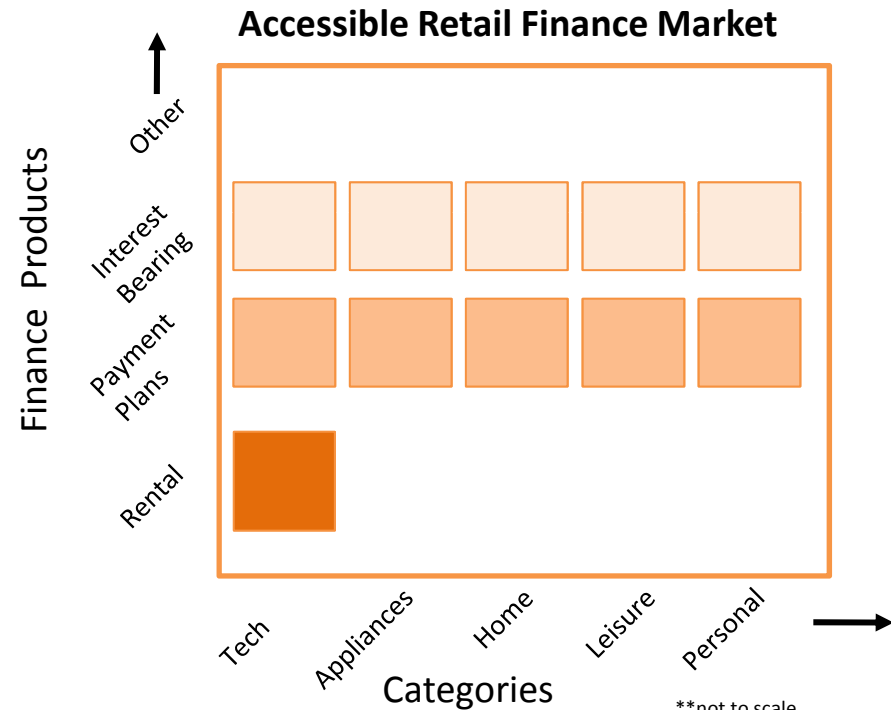
Expand Accessible Market

- **UK services based product offering creates compelling value proposition for consumers**
 - Potential to give ThinkSmart access to 4 times our current available market.
 - Expose product to all Curry's stores & PC World stores in the UK.
 - Immediate Profit contribution due to leverage off existing infrastructure.
- **Following successful UK launch, Australian services based product on track for launch in 2H 2011**
 - Consumer research undertaken in 2H 2010 indicates accessible market up to 3 times current available market.
 - Compelling customer proposition supports repeat customer strategy.

Key Strategies

Expand Accessible Market (continued)

- **Significant opportunities for Product and Category expansion in existing markets**
 - Leverage best in class, patented online platform “QuickSmart”.
 - Access to existing funding lines.
 - Access to existing distribution channels.



Key Strategies

Grow distribution in New and Existing Territories

- New funding platform delivers capacity to aggressively grow distribution network in existing markets.
- E-signature capability will enable ThinkSmart to further streamline the process for traditional retail transactions and work seamlessly online allowing ThinkSmart to access multichannel and pure-play online retail markets internationally from Q1 2012.
- Online based retailer rental finance portal to give ThinkSmart access to independent electrical goods retailer channel from 2H 2011 in Australia.
- Opportunities to expand into new territories will be explored with an expected lead time to implementation of 12 - 24 months.

Key Strategies

Improve Delivery & Customer Experience

- Patented QuickSmart online application and approval system continues to reduce the cost of doing business.
- UK Eclipse integration into retail point of sales established a benchmark for integration with market leading retailers, with JB HiFi and Dick Smith also scheduled for systems integration in 2H 2011.
- E-signature technology will deliver a further step change in operational efficiency. Silanis Technology Inc has been contracted to deliver the integrated e-signature solution scheduled for launch Q1 2012.
- New direct marketing platform, website refresh and enhanced online customer application interface will drive additional growth from 2H 2011.

OUTLOOK

FY 2011 Outlook



- **Australia – well placed for continued growth despite challenging retail trading environment.**
 - Funding capacity doubled to facilitate future growth.
 - Proposed services based product enhancements in Q4 to help drive volume growth, in an environment of cautious consumer sentiment.
 - Online strategies will create new opportunities and continue to deliver an increasing share of business.
 - QuickSmart will sustain operating efficiencies in business.
 - Continued strong contribution from Inertia and Warranty Services.
 - New funding model improves margins, creates an annuity revenue stream and grows year 2 earnings per share.
- **United Kingdom – Infinity product to drive significant growth.**
 - Infinity on track to double UK volumes in 2011.
 - Uplift in attachment rates since embedded in “Know How” launch encouraging.
 - Leverage Consumer and B2B offer in Curry’s stores via Eclipse.
 - Operational efficiencies delivered through Eclipse integration reduces cost of doing business.
 - Leverage online opportunity with Dixons via website integration and E-Signature capability.
- **Spain & Italy – Maintaining low cost presence ahead of full development of online platform – territories’ viability to be reviewed following assessment of outcomes at year end.**
- **Looking to leverage our leading edge technology and funding platform to introduce new finance products to increase accessible markets in existing and future territories.**



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